



# California

Forms & Instructions

## 3808

### 1999

Manufacturing Enhancement Area

Business Booklet

**This booklet contains:**

**Form FTB 3808**, Manufacturing Enhancement Area  
Credit Summary

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STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**

# Instructions for Manufacturing Enhancement Area Businesses — Form FTB 3808

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and to the California Revenue and Taxation Code (R&TC).

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## General Information

California has established four types of economic development areas (EDAs) that have related tax incentives:

- Enterprise Zones;
- Local Agency Military Base Recovery Areas (LAMBRA)s;
- Manufacturing Enhancement Areas (MEAs); and
- The Targeted Tax Area (TTA).

A business may qualify for special deductions and credits if it operates or invests in a trade or business located within the geographic boundaries of one of these EDAs.

California statutes require the Franchise Tax Board (FTB) to provide information to the California Legislature and the Trade and Commerce Agency (TCA) regarding the number of businesses using the EDA tax incentives, types of EDA tax incentives being used, and in which EDAs the businesses are claiming the tax incentives. **Note:** In order to help us meet this requirement, please be sure to complete items A through J on form FTB 3808, Manufacturing Enhancement Area Credit Summary, as applicable.

For information about:

- Enterprise zone tax incentives, get FTB 3805Z, Enterprise Zone Business Booklet;
- LAMBRA tax incentives, get FTB 3807, Local Agency Military Base Recovery Area Business Booklet; or
- TTA tax incentives, get FTB 3809, Targeted Tax Area Business Booklet.

**Conformity.** In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by

the federal Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277).

**Expiration of the Los Angeles Revitalization Zone.** The Los Angeles Revitalization Zone (LARZ) expired on December 1, 1998. No new LARZ tax incentives may be generated. However, LARZ credit carryovers and LARZ NOL carryovers can be utilized to the extent of business income apportioned to the former LARZ. Get FTB 3806, Los Angeles Revitalization Zone Business Booklet, for more information.

## A Purpose

Use this booklet to determine the correct amount of hiring credit that a business may claim for operating or investing in a trade or business within an MEA. Complete the worksheets in this booklet for the MEA hiring credit. Then enter the hiring credit amount on form FTB 3808.

## B How to Claim The Credit

To claim the MEA hiring credit, the business **must attach** form FTB 3808 (included in this booklet) to its California tax return.

**Attach a separate form FTB 3808 for each business you operate or invest in that is located within an MEA.**

To assist with the processing of the tax return, indicate that the business operates or invests within an MEA by doing the following:

- Form 540 and Form 540NR filers:** Write "MEA" in the top left margin of Form 540 or Form 540NR, Side 1.
- Form 100 filers:** Claim the MEA tax incentive on Form 100, line 24 through line 27, as applicable.
- Form 100S filers:** Claim the MEA tax incentive on Form 100S, line 23 through line 26, as applicable.
- Form 109 filers:** Check the "yes" box for the enterprise zone, LARZ, LAMBRA, MEA, or TTA question on the top of Form 109, Side 1.

**Note:** Be sure to keep all completed worksheets and supporting documents for your records.

## C Manufacturing Enhancement Area Designation

MEAs were established in California to stimulate development in selected economically-depressed areas. The MEA

provides a hiring incentive for entities and individuals who operate or invest in a business located within a designated MEA.

Businesses operating within an MEA do not need to qualify or receive prior approval to take advantage of this special tax incentive.

Brawley and Calexico received final designation as MEAs effective October 1, 1998. Both of these towns are located in Imperial County.

## D Important Consideration

The MEA tax incentive is available to businesses operating within an MEA and can **only** be taken for wages paid or incurred **on or after** the date the area received final designation and before the designation expires.

## E Geographic Boundaries

The geographic boundaries of an MEA are used to determine whether the tax incentive is available to a business in a specified location. Further information about the geographic boundaries of an MEA is available from:

ENTERPRISE ZONE PROGRAMS  
CA TRADE AND COMMERCE AGENCY  
801 K STREET SUITE 1700  
SACRAMENTO CA 95814  
Telephone: (916) 324-8211  
FAX: (916) 322-7214  
Website: commerce.ca.gov

If your business is located within and outside an MEA, see Part II on page 6 for instructions on how to apportion income.

## F Forms Table

The titles of forms referred to in this booklet are:

Form 100	California Corporation Franchise or Income Tax Return
Form 100S	California S Corporation Franchise or Income Tax Return
Form 109	California Exempt Organization Business Income Tax Return
Form 540	California Resident Income Tax Return
Form 540NR	California Nonresident or Part-Year Resident Income Tax Return
Form 541	California Fiduciary Income Tax Return
Form 565	Partnership Return of Income
Form 568	Limited Liability Company Return of Income
Schedule CA (540)	California Adjustments — Residents
Schedule CA (540NR)	California Adjustments — Nonresidents or Part-Year Residents
Schedule P	Alternative Minimum Tax and

## Part I Hiring Credit

A qualified employer conducting a trade or business within an MEA may claim a hiring credit for wages paid to certain disadvantaged individuals. Qualified employers must:

- Be engaged in a line of business described in Standard Industrial Classification (SIC) Codes 2011 through 3999 of the Standard Industrial Classification Manual, 1987 Edition;
- Conduct a trade or business within the MEA;
- Have at least 50% of their workforce that was hired after the MEA designation, be residents of the county in which the MEA is located at the time of hire; and
- Have at least 30% of the qualified county resident workforce described above be qualified disadvantaged individuals.

**Note:** Although the FTB implemented the new principal business activity (PBA) code chart that is based on the North American Industry Classification System, 1997 Edition, for purposes of qualifying for the MEA hiring credit, refer to the SIC. The PBA and North American Industry Classification System (NAICS) codes cannot be used. Get FTB Pub. 1145, Guidelines for the Manufacturing Enhancement Area Tax Incentive (available March 2000), for a list of qualified SIC codes.

A "qualified disadvantaged individual" is an individual who at the time hired was any of the following:

1. A person receiving or eligible to receive subsidized employment, training, or services funded by the federal Job Training Partnership Act (JTPA);
2. A person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN); or
3. A person who has been certified eligible under the federal Targeted Jobs Tax Credit Program, whether or not this program is in effect.

An employer may claim a credit for the qualified wages paid to a qualified disadvantaged employee who:

- Was hired after the MEA received its final designation (See General Information C, Manufacturing Enhancement Area Designation);
- Spends at least 90% of his or her work time for the qualified employer on activities directly related to the conduct of a trade or business activity within the boundaries of the MEA; and
- Performs at least 50% of the work for the qualified employer within the boundaries of the MEA.

The percentage of wages used to calculate the credit depends on the number of years the employee works for the employer in the MEA. The applicable percentage begins at 50% and declines 10% for each year of employment. After the fifth year of employment, no credit is allowed.

Wages that qualify for the hiring credit are those wages paid to a qualified employee for the consecutive 60-month period beginning on the first date the employee commenced employment with the employer. For an employer that operates a business that has regularly occurring seasonal or intermittent employment decreases and increases, reemployment of an employee does not constitute commencement of employment for the qualified wages test.

The credit is based on the smaller of the following:

- The actual hourly rate paid or incurred by the employer for work performed by the employee during the taxable or income year; or
- **150% of the minimum hourly wage** established by the Industrial Welfare Commission.

Where the California minimum wage is higher than the federal minimum wage, the California minimum wage is used for purposes of computing the MEA hiring credit. The established minimum wage after March 1, 1998, is \$5.75 per hour. For purposes of computing the MEA hiring credit, 150% of the minimum wage is \$8.62 per hour.

### Example:

Ray Smith was hired January 1, 1999.

Ray's hourly rate for Month 1 was \$7.00. At the beginning of Month 2, his hourly rate increased to \$8.00. For Month 3, Ray's hourly rate increased to \$9.00. The hourly rate that qualifies for the credit is limited to 150% of the minimum wage, or currently \$8.62 per hour.

Month(s)	Hours x per month	Hourly rate	= Qualified wages per month
1	175	\$7.00	\$1,225.00
2	170	8.00	\$1,360.00
3	170	8.62	\$1,465.40

### Credit Limitations

- The cumulative qualified wages used to compute the MEA hiring credit cannot exceed \$2,000,000. This limit applies to **each** taxpayer for **each** taxable or income year.
- Businesses must reduce any deduction for wages by the amount of the MEA hiring credit on Worksheet I, Section A, line 6.
- S corporations must reduce their wage deduction by 1/3 of the amount on Worksheet I, Section A, line 6. Make the wage deduction adjustment on Form 100S, line 7. In addition, the S corporation must make an adjustment for the entire amount

of the credit on Schedule K (100S), line 1, column (c).

**Example:** In 1999, an S corporation qualified for a \$3,000 MEA hiring credit. The S corporation can claim a credit for \$1,000 ( $\$3,000 \times 1/3$ ). On Form 100S, Schedule K, line 1, column (c), the S corporation would add \$3,000 to the S corporation's ordinary income or loss to reflect the credit passed through to the shareholder(s).

- The amount of hiring credit claimed may not exceed the amount of tax on the MEA business income in any year. Use Worksheet III on Side 2 of form FTB 3808 to compute the credit limitation.
- In the case where an employee qualifies the business to take the MEA hiring credit as well as another credit for the same wage expense, the business may claim only one credit for that wage expense.
- The business may carry over any unused hiring credit to future years until the credit is exhausted. In the case of an S corporation, 2/3 of the credit is lost and the remaining 1/3 can be carried over if it cannot be used in the current year.

For additional information about the treatment of credits for S corporations, see Part III.

### Recordkeeping

For each qualified employee, keep a schedule of the first 60 months (five years) of employment showing (at least):

- Employee's name;
- Date the employee was hired;
- The employee's address at the time of hire;
- Number of hours the employee worked for each month of employment;
- Smaller of the hourly rate of pay for each month of employment or 150% of the minimum wage;
- Location of the employee's job site and duties performed; and
- Total qualified wages per month for each month of employment.

## Instructions for Worksheet I — Hiring Credit & Recapture

### Section A – Credit Computation

**Line 1, column (a)** – Enter the name of each qualified employee. Attach an additional schedule(s) if necessary.

**Line 1, columns (b) and (c)** – Enter the qualified wages paid or incurred during the taxable or income year to each employee listed in column (a) in the appropriate column.

**Line 2, columns (b) and (c)** – Add the amounts in each column. **Note:** The cumulative qualified wages used to compute the MEA hiring credit cannot exceed \$2,000,000. This limit applies to **each** taxpayer for **each** taxable or income year.

**Line 3, columns (b) and (c)** – Multiply the total in each column of line 2 by the percentage in each column.

**Line 5** – The federal jobs tax credit to include on this line is the Work Opportunity Tax Credit (as in effect January 1, 1998, in IRC Section 51) for individuals hired before July 1, 1998. **Note:** No other California jobs tax credit may be claimed for the same wage expense paid to employees shown in line 1, column (a).

**Line 6** – Enter the amount from line 6 on form FTB 3808, Side 2, Worksheet III, as follows:

- Part II, line 6B, column (b) for corporations, individuals, and estates and trusts;
- Part III, line 7, column (b) for S corporations; or
- Part IV, line 8, column (b) for corporations and S corporations subject to paying only the minimum franchise tax.

## Section B – Credit Recapture

The employer must recapture the amount of credit attributable to an employee's wages if the employer terminates the employee at anytime during the longer of:

- The first 270 days of employment (whether or not consecutive); or
- 90 days of employment plus 270 calendar days.

Employers of seasonal employees must recapture the amount of credit attributable to a seasonal employee's wages if the employer terminates employment before the completion

of 270 days of employment during the 60-month period beginning the day the employee commences employment with the employer.

A "day of employment" means any day for which the employee receives wage compensation (including a paid sick day, holiday, or vacation day).

The employer must add to the current year's tax the amount of credit claimed in the year of termination and all prior years in which the credit was claimed for the terminated employee.

**Note:** The credit recapture does not apply if the termination of employment was:

- Voluntary on the part of the employee;
- In response to misconduct of the employee;
- Caused by the employee becoming disabled, (unless the employee was able to return to work and the employer did not offer to reemploy the individual);
- Carried out so that other qualified individuals could be hired, creating a net increase in both the number of qualified employees and the number of hours worked; or
- Due to a substantial reduction in the employer's trade or business operations.

**Line 1, column (a)** – Enter the name of the terminated employee. Attach an additional

schedule(s) if necessary.

**Line 1, column (b)** – Enter the amount of credit recapture for each employee listed in column (a).

**Line 2** – Enter the amount from line 2, column (b) on form FTB 3808, Side 1, line 3.

Also, include the amount of hiring credit recapture on your California tax return or schedule as follows:

- Form 100, Schedule J, line 5;
- Form 100S, Schedule J, line 5 and Schedule K-1 (100S), line 23;
- Form 109, Schedule K, line 4;
- Form 540, line 36;
- Form 540NR, line 45;
- Form 541, line 21b and Schedule K-1 (541), line 11e;
- Form 565, Schedule K, line 22 and Schedule K-1 (565), line 22; or
- Form 568, Schedule K, line 22 and Schedule K-1 (568), line 22.

Indicate that you included the hiring credit recapture on your tax return by writing "FTB 3808" in the space provided on the schedule or form.

Partnerships and limited liability companies (LLCs) taxed as partnerships must identify the recapture amounts for their partners and members on Schedule K-1 (565 or 568).

S corporation shareholders must recapture the portion of credit that was previously claimed, based on the terminated employee's wages. S corporations must also identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Schedule J.

**Worksheet I Hiring Credit & Recapture — Manufacturing Enhancement Area**

**Section A Credit Computation**

**Qualified wages paid or incurred for year of employment**

	(a) Employee's name	Qualified wages paid or incurred for year of employment					
		(b) 1st year	(c) 2nd year	(d) 3rd year	(e) 4th year	(f) 5th year	
<b>1</b>							
<b>2</b>	Total. See instructions . . . . .						
		.50	.40	.30	.20	.10	
<b>3</b>	Multiply line 2 by the percentage for each column. See instructions . . . . .						
<b>4</b>	Enter the amount from line 3, column (b) . . . . .						<b>4</b>
<b>5</b>	Enter the amount of 1999 federal jobs tax credit allowed. See instructions . . . . .						<b>5</b>
<b>6</b>	Subtract the amount on line 5 from the amount on line 4 and enter the result. See instructions . . . . .						<b>6</b>

**Note:** You cannot take the MEA hiring credit as well as another credit for the same wage expense.

**Section B Credit Recapture**

	(a)	(b)
	Terminated employee's name	Recapture amount
<b>1</b>		
<b>2</b>	Total amount of credit recapture. Add the amounts in column (b). See instructions for where to report on your California tax return . . . . .	<b>2</b>

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## Part II Doing Business Totally Within, Within and Outside a Manufacturing Enhancement Area, or in More than One Manufacturing Enhancement Area

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The MEA tax incentive is limited to the tax on business income attributable to operations within the area. If the business is located totally within, within and outside an MEA, or in more than one MEA, you must determine the portion of total business operations that are attributable to each MEA.

### Business Income vs. Nonbusiness Income

Only business income is apportioned to the MEA to determine the incentive limitation. The MEA tax incentive is limited to tax on business income attributable to the operations within the MEA.

Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income. Get Title 18 Cal. Code Regulation Section 25120 for further references and examples of nonbusiness income.

For an individual, business income includes but is not limited to, California business income or loss from Schedules C, D, D-1 (or Form 4797, Sales of Business Property, if you did not have to file a Schedule D-1), E, and F, as well as wages. Be sure to include casualty losses, disaster losses, and any business deductions reported on Schedule A as itemized deductions.

**Note:** If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of the loss that was carried back in your current year business income for the MEA.

In general, all transactions and activities of the business that are dependent upon or contribute to the operations of the economic enterprise as a whole constitute a trade or business.

When a corporation is part of a group of corporations engaged in a unitary business, the income and apportionment factors of the unitary group must be combined. For more information, get Schedule R. See the instructions for ordering forms on page 19.

Pass-through entities must report to their shareholders, beneficiaries, partners, and members:

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the MEA; and
2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the MEA included in item 1.

These items should be reported using the appropriate California schedules listed below:

- Schedule K-1 (100S), line 23;
- Schedule K-1 (541), line 11e;
- Schedule K-1 (565), line 22; or
- Schedule K-1 (568), line 22.

### Income Apportionment

Business income is apportioned to an MEA by multiplying the total California business income of the taxpayer by a fraction, the numerator which is the property factor plus the payroll factor, and the denominator which is two.

#### Property Factor

Property is defined as the average value of all real and tangible personal property owned or rented by the business and used during the taxable or income year to produce business income.

**Note:** Property is included in the factor if it was available for use during the taxable or income year.

Property owned by the business is valued at its original cost. Generally, **original cost** is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements and partial dispositions because of sale or exchange. Allowance for depreciation is not considered.

**Rented property** is valued at 8 times the net annual rental rate. The net annual rental rate for any item of rented property is the total rent paid for the property, less aggregate annual subrental rates paid by subtenants.

The **numerator** of the property factor is the average value of the real and tangible personal property owned or rented by the business and used within the MEA during the taxable or income year to produce MEA business income (column (b)).

The **denominator** of the property factor is the total average value of all real and tangible personal property owned or rented and used during the taxable or income year within California (column (a)).

#### Payroll Factor

Payroll is defined as the total amount paid to the business's employees for compensation for the production of business income during the taxable or income year.

**Compensation** means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

**Compensation Within the Manufacturing Enhancement Area.** Compensation is considered to be within the MEA if any one of the following tests is met:

- The employee's services are performed within the geographical boundaries of the MEA; or
- The employee's services are performed within and outside the MEA, but the services performed outside the MEA are incidental to the employee's service within the MEA.

**Note:** Incidental means any temporary or transitory service rendered in connection with an isolated transaction.

**Compensation Within and Outside the Manufacturing Enhancement Area.** If the employee's services are performed within and outside the MEA, the employee's compensation will be attributed to the MEA if:

- The employee's base of operations is within the MEA; or
- There is no base of operations in any other part of the state in which some part of the service is performed, but the place from which the service is directed or controlled is within the MEA.

**Base of operations** is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

The **numerator** of the payroll factor is the total compensation paid to employees for working within the MEA during the taxable or income year (column (b)).

The **denominator** of the payroll factor is the total compensation paid to employees working in California (column (a)).

**Example – Computation of MEA income assigned to each entity operating within the MEA:**

Parent Corporation A has two subsidiaries, B and C. Corporations A and B operate within the MEA. The combined group operates within and outside California and apportions its income to California using Schedule R. The combined group's business income apportioned to California was \$1,000,000.

Business income apportioned to the MEA is determined as follows:

	A	B	Combined Group
<b>Property Factor</b>			
MEA property	\$2,000,000	\$1,000,000	\$3,000,000
California property			\$5,000,000
Apportionment %	40%	20%	60%
<b>Payroll Factor</b>			
MEA payroll	\$2,000,000	\$800,000	\$2,800,000
California payroll			\$4,000,000
Apportionment %	50%	20%	70%
<b>Average Apportionment %</b>			
	45%	20%	65%
<small>(Property + Payroll Factors) / 2</small>			
<b>Apportioned Business Income</b>			\$1,000,000
<b>MEA INCOME</b>	\$ 450,000	\$ 200,000	\$ 650,000

**Instructions for Worksheet II — Income Apportionment**

Use Worksheet II, Income Apportionment, to determine the amount of business income apportioned to the MEA. The MEA business income determines the amount of the tax incentive that can be used.

Only California source business income is apportioned to the MEA. A taxpayer's MEA business income is its California apportioned business income multiplied by the specific MEA apportionment percentage.

The MEA property and payroll factors used in the determination of apportionable business income include only the taxpayer's California amounts in the denominator.

**Note:** If the business operates solely within a single MEA and all its property and payroll are solely within that single MEA, you do not have to complete this worksheet. Enter 100% (1.00) on line 4.

**Worksheet II Income Apportionment — Manufacturing Enhancement Area**

Use Worksheet II if your business has net income from sources within and outside an MEA.

	(a) Total within California	(b) Total within an MEA	(c) Percentage within an MEA (column (b) ÷ column (a))
<b>PROPERTY FACTOR</b>			
<b>1</b> <b>Average</b> yearly value of owned real and tangible personal property used in the business (at original cost). See instructions on page 6. Exclude property not connected with the business and the value of construction in progress.			(c) shaded
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business.			
See instructions on page 6			
<b>Total property values</b>			
<b>PAYROLL FACTOR</b>			
<b>2</b> Employees' wages, salaries, commissions, and other compensation related to business income included in the return.			
<b>Total payroll</b>			
<b>3</b> Total percentage (sum of the percentages in column (c))			
<b>4</b> Average apportionment percentage (1/2 of line 3). Enter here and on form FTB 3808, Side 1, line 2			

**Note:** The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the MEA. Also, those factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer does not have any payroll within or outside the MEA, then the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

## Instructions for Income or Loss Worksheet

Use the Income or Loss Worksheet on the following page to determine the amount to enter on Worksheet III, Part I, line 1 and line 3.

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the MEA.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income," since only business income may be apportioned to the MEA. See Part II, Doing Business Totally Within, Within and Outside a Manufacturing Enhancement Area, or in More Than One Manufacturing Enhancement Area, on page 6 for a complete discussion of business and nonbusiness income.

Business income or loss reported on Schedules C, C-EZ, E, F, and other schedules are reported on line 6 through line 9. Line 11 and line 12 report business gains or losses reported on Schedule D and Schedule D-1. All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA (540 or 540NR).

### Income Computation (Use to compute MEA income for Worksheet III)

**Line 6 – Line 9:** If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is entirely within the MEA, enter the income or loss from this activity in column (a) and enter 1.00 in column (b).

**Line 11 and Line 12:** If the gain or loss reported on Schedule D or Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)) was attributed to an asset used in an activity conducted entirely within the MEA, enter the gain or loss reported in column (a) and enter 1.00 in column (b).

**Line 6 – Line 9:** If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is entirely within California, enter the income or loss from this activity in column (a). To determine the percentage figure in column (b), complete Worksheet II. Enter the figure on Worksheet II, line 4, in column (b) of this worksheet.

**Line 11 and Line 12:** If the gain or loss reported on Schedule D or Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the percentage figure in column (b), complete Worksheet II. Enter the figure on Worksheet II, line 4 in column (b) of this worksheet.

**Line 6 – Line 9:** If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is within and outside the MEA and California, get Schedule R and complete line 1 through line 13b. Enter the figure on Schedule R, line 13b in column (a) of this worksheet. To determine the percentage figure in column (b), complete Worksheet II. Enter the figure on Worksheet II, line 4 in column (b) of this worksheet.

**Note:** When computing Schedule R, disregard any reference to Form 100, Form 565, or Form 568. Also, disregard any reference to Schedule R-3, Schedule R-4, or Schedule R-5, and skip line 11.

Nonresidents that have an apportioning business that operates within the area should have already computed Schedule R, and can use those amounts when that schedule is referenced. Residents that have an apportioning business will not have completed a Schedule R for California income tax purposes since they are taxed on income from all sources. However, in order for residents to determine their California source business income for purposes of the MEA calculation, they must also complete a Schedule R.

**Line 11 and Line 12:** If the gain or loss reported on Schedule D or Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)) was attributed to an asset used in an activity conducted within and outside the MEA and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, line 5 and enter the result in column (a). To determine the percentage figure in column (b), complete Worksheet II. Enter the figure on Worksheet II, line 4 in column (b) of this worksheet.

## Part I Individual Income and Expense Items

### Wages

Taxpayers with wages from a company located within and outside an MEA must determine the MEA wage income by entering the percentage of their time in column (b) (during the period for which the wages entered on line 1 were earned) that they worked within the MEA. This percentage must be determined based on their record of time and events such as a travel log or entries in a daily planner.

## Part II Pass-Through Income or Loss

### Multiple Pass-Through Entities

If you are a shareholder, beneficiary, partner, or member in multiple pass-through entities with businesses located within and outside an MEA from which you received MEA tax incentives, see the example below for computing business income in the MEA.

#### Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565, or 568)	Entity's MEA apportionment percentage	MEA apportioned income
ABC, Inc.	\$40,000	80%	\$32,000
A, B & C	30,000	10%	3,000
ABC, LLC	10,000	50%	5,000
			\$40,000

## Part III Taxpayer's Trade or Business

### Business Income or Loss

Use business income or loss from Form 1040 Schedules C, C-EZ, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also, include business capital gains and losses from Schedule D and business gains and losses from Schedule D-1.

**Line 14 –** If, in computing your income or loss, the result on line 14, column (c), is a **negative** amount, you do not have any business income attributable to the MEA. You cannot use any of the MEA hiring credit in the current taxable or income year.

If the amount on line 14, column (c), is a **positive** amount, enter the amount on Worksheet III, Part I, line 1 and 3 (skip line 2).

**Income or Loss Worksheet — Manufacturing Enhancement Area**

**Part I Individual Income and Expense Items.** See instructions.

	(a) Amount	(b) % of time providing services in the MEA	(c) Apportioned amount (a) x (b)
1 Wages .....			
2 Employee business expenses .....			
3 Subtotal: Enter the total of line 1, column (c) and line 2, column (c) in column (c), this line .....			

**Part II Pass-Through Income or Loss.** See instructions.

(a) Name of entity	(b) Distributive or pro-rata share of business income or loss apportioned to the MEA from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses
4	
5 Subtotal: Enter the total of line 4, column (b) in column (b), this line ..	

**Part III Taxpayer's Trade or Business.** See instructions.

	(a) Business income or loss	(b) Apportionment % for the MEA	(c) Apportioned income or loss (a) x (b)
6 Schedule C or C-EZ .....			
7 Schedule E (Rentals) .....			
8 Schedule F .....			
9 Other business income or loss .....			
10 Subtotal: Enter the total of line 6 through line 9, column (c) in column (c), this line .....			
	(a) Business gain or loss	(b) Apportionment % for the MEA	(c) Apportioned gain or loss (a) x (b)
11 Schedule D .....			
12 Schedule D-1 .....			
13 Subtotal: Enter the total of line 11, column (c) and line 12, column (c) in column (c), this line .....			
14 Total: Enter the total of column (c) for line 3, line 10 and line 13, and line 5, column (b) in column (c), this line .....			

## Part III Computation of Credit Limitations

The amount of MEA hiring credit you can claim on your California tax return is limited by the amount of tax attributable to MEA business income. Use Worksheet III on form FTB 3808, Side 2 to compute this limitation.

If a taxpayer owns an interest in a disregarded business entity, the amount of the MEA hiring credit that can be utilized is limited to the difference between the taxpayer's regular tax computed with the income of the disregarded entity, and the taxpayer's regular tax computed without the income of the disregarded entity. For more information on disregarded business entities, get Form 568, Limited Liability Company Tax Booklet.

Partnerships must allocate the MEA hiring credit among the partners according to the partner's distributive share as determined in a written partnership agreement (R&TC Section 17039(e)).

The MEA hiring credit you are otherwise eligible to claim may be limited. Do not apply the credit against the minimum franchise tax (corporations, limited partnerships, limited liability partnerships, LLCs, and S corporations), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

Refer to the credit instructions in your tax booklet for more information.

### Members of a Unitary or Combined Group.

The MEA hiring credit cannot be allocated or otherwise transferred to another taxpayer, even if the other taxpayer is a member of a unitary or combined group or otherwise affiliated with the taxpayer that earned the credit. For example, a subsidiary corporation that generates an MEA hiring credit cannot allocate the credit to the parent corporation.

**S Corporations and the Application of the MEA Hiring Credit.** An S corporation may use its MEA hiring credit to reduce MEA tax at both the corporate and shareholder levels.

An S corporation may use 1/3 of the MEA hiring credit to reduce the tax on the S corporation's MEA business income. In addition, S corporation shareholders may claim their pro rata share of the entire amount of the MEA hiring credits calculated under the Personal Income Tax Law.

**Example:** In 1999, an S corporation qualified for a \$3,000 MEA hiring credit. The S corporation will be able to use 1/3 of the credit ( $\$3,000 \div 3 = \$1,000$ ) to offset the tax on the corporation's MEA business income.

The S corporation will also pass through a \$3,000 MEA hiring credit to its shareholders to offset their individual tax (computed under the Personal Income Tax Law) on MEA business income.

S corporations should attach form FTB 3808 to Form 100S, California S Corporation Franchise or Income Tax Return, to claim the tax credits. If form FTB 3808 is not attached to the return, the credit may be disallowed.

Shareholders should attach Schedule(s) K-1 (100S), Shareholder's Share of Income, Deductions, Credits, etc., to their individual tax return.

**Carryover.** If the amount of credit available this year exceeds your tax, you may carry over any excess credit to future years until exhausted. Apply the carryover to the earliest taxable or income year(s) possible. In no event can the credit be carried back and applied against a prior year's tax.

For S corporations, the amount of the 1/3 credit that is in excess of the 1.5% entity-level tax (3.5% for financial S corporations) in the current year may also be carried forward and used in future years to offset the S corporation entity-level tax. See the instructions for Worksheet III, Part III for more information.

**Credit Code Number.** You must use credit code number **211** to claim the MEA hiring credit on your return. Using an incorrect code may cause a delay in allowing the credit.

## Instructions for Worksheet III — Computation of Credit Limitations

**Note:** Worksheet III is on Side 2 of form FTB 3808.

Partnerships and LLCs taxed as partnerships, do not complete Worksheet III. The partners and members of these types of entities should complete Worksheet III in order to determine the amount of MEA hiring credit that they may claim on their California tax return. S corporations and their shareholders must complete Worksheet III.

### Reporting Requirements of S Corporations, Estates or Trusts, Partnerships, and LLCs Taxed as Partnerships

- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, loss, and deductions apportioned to the MEA; and
- Separately state any distributive or pro-rata share of business capital gains and losses apportioned to the MEA included in the amount above.

**S corporations:** Complete only Part I and Part III of this worksheet if your entity-level tax before credits is more than the minimum franchise tax.

**Corporations and S corporations subject to the minimum franchise tax only:** Complete only Part IV of this worksheet.

**All others:** Complete Part I and Part II of this worksheet.

## Part I

**Line 1—** Enter all trade or business income. See Part II on page 6 for the definition of business income.

**Line 2 —** If your business is located entirely within the MEA, enter 1.

Specifically, this percentage is the apportionment percentage computed by the entity using Worksheet II, Income Apportionment, and it represents the percentage of the entity's business attributable to the MEA.

**Line 4a —** Compute the tax as if the MEA taxable income represented all of your taxable income.

**Individuals:** Use the tax table or tax rate schedule for your filing status in your tax booklet.

**Exempt organizations:** Use the applicable tax rate in your tax booklet.

**Corporations and S corporations:** Use the applicable tax rate.

### Example (Determination of MEA Income for Shareholders, Partners, or Members of Pass-Through Entities):

Ray Smith is vice president of ABC, Inc., an S corporation that has two locations: one within an MEA and one outside an MEA. Eighty percent (80%) of the S corporation's business is attributable to the MEA. (**Note:** This percentage was determined by ABC, Inc. using Worksheet II when ABC's S corporation return (Form 100S) was prepared.) Ray divides his time equally (50%/50%) between the two offices of ABC, Inc.

Mary Smith (Ray's spouse) works for ABC, Inc. at its office located in the MEA.

Ray and Mary Smith have the following 1999 items of California income and expense:

Ray's salary from ABC, Inc. . . . .	\$100,000
Mary's salary from ABC, Inc. . . . .	75,000
Interest on savings account . . . . .	1,000
Dividends . . . . .	3,000
Schedule K-1 (100S) from ABC, Inc.:	

Ordinary income . . . . .	40,000
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Ray's unreimbursed employee expenses from Schedule A . . . . .	(2,000)
--	---------

The Smith's MEA income (total amount to be reported on line 3) is computed as follows:

Ray's MEA salary ( $\$100,000 \times 50\%$ ) . . . . .	\$50,000
Mary's MEA salary ( $\$75,000 \times 100\%$ ) . . . . .	75,000
Pass-through ordinary income from ABC, Inc. ( $\$40,000 \times 80\%$ ) . . . . .	32,000
Ray's unreimbursed employee business expenses ( $\$2,000 \times 50\%$ ) . . . . .	(1,000)
Total MEA income (Worksheet III, Part I, line 3) . . .	\$156,000

**Note:** The standard deduction and personal or dependency exemptions are not included in the computation of MEA income since they are not related to trade or business activities.

Ray and Mary must compute the tax (to be entered on Worksheet III, Part I, line 4a) on the total MEA income of \$156,000 (as if it represents all of their income). Using the tax rate schedule in their tax booklet for filing status married filing joint, the 1999 tax figured on \$156,000 is \$11,124.

**Line 4b – Corporations and S corporations:** If the amount on line 4b is the minimum franchise tax (\$800), you cannot use your MEA hiring credit this year. You should complete Part IV of the worksheet to figure the amount of credit carryover.

## Part II

Use Part II if you are a corporation, individual, estate, or trust. Corporations and S corporations that are subject to paying only the minimum franchise tax, go to Part IV.

**Line 6A, column (e)** – Enter the amount from line 5. This is the amount of limitation based on the tax on MEA business income.

**Line 6A, column (f)** – Enter the amount of credit that is used on Schedule P (100, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount on line 6A, column (e) or the amount computed on line 6B, column (d). Enter this amount on form FTB 3808, Side 1, line 1.

**Line 6B, column (b)** – Enter the amount of the current year credit that was computed on Worksheet I.

**Line 6B, column (c)** – Enter the amount of the total prior year carryover of the credit. This is the amount of credit that was previously figured on Worksheet I in the prior year, minus the amount that was allowed to be taken on the prior year return.

**Line 6B, column (d)** – Add the amount of the current year credit on line 6B, column (b) and the amount of the total prior year carryover on line 6B, column (c).

**Line 6B, column (e)** – Compare the amounts on line 6A, column (e) and line 6A, column (f). Enter the smaller amount.

**Line 6B, column (g)** – Subtract the amount on line 6B, column (e) from the amount on line 6B, column (d). Enter the result on line 6B, column (g). This is the amount of credit that can be carried over to future years.

**Note:** This carryover includes both the Schedule P (100, 540, 540NR, or 541) limitation and the limitation based on MEA business income.

### Example: Part II

The ABC Business has \$8,000 of tax. The business computed a credit limitation based on the MEA income of \$7,000 on Worksheet III, line 5. The business has the following credits:

Hiring credit — \$500 and a \$300 carryover from a prior year

Worksheet III, Part II would be computed as follows:

### Part II Limitation of Credits for Corporations, Individuals, and Estates and Trusts

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit (add col. (b) and col. (c))	(e) Limitation based on MEA business income	(f) Used on Schedule P (can never be greater than col. (d) or col. (e))	(g) Carryover (col. (d) minus col. (e))
6 Hiring credit	A			7,000	800	
	B	500	300	800		-0-

## Part III

Use Part III only if you are an S corporation.

**Line 7, column (b)** – Enter the amount of credit computed this year from Worksheet I. Also, enter this amount on Form 100S:

- Schedule C, line 4; and
- Schedule K, line 13.

You may need to adjust your Schedule C (100S) to reflect the MEA tax limitation (Part I, line 5) on your credit after completing this worksheet.

**Line 7, column (c)** – Multiply the amount on line 7, column (b) by 1/3. Enter this amount in column (c). The amount in column (c) is the maximum amount of the current year credit that may be used by the S corporation to offset its 1.5% entity-level tax (3.5% for financial S corporations).

**Line 7, column (d)** – Enter the amount of the total prior year carryover of the credit (this is the amount of credit that was previously figured on Worksheet I in the prior year, minus the amount that was allowed to be taken on the prior year return).

**Line 7, column (e)** – Add the amount of the current year credit on line 7, column (c) and the amount of the total prior year carryover on line 7, column (d).

**Line 7, column (f)** – Enter the amount of credit that was used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for financial S corporations). Enter this amount on form FTB 3808, Side 1, line 1.

**Line 7, column (g)** – Subtract the amount in column (f) from the amount in column (e). This is the amount of credit that can be carried over to future years and used by the S corporation.

## Part IV

Use Part IV if you are a corporation or S corporation subject to paying only the minimum franchise tax.

**Line 8, column (b)** – Enter the amount of current year credit that was computed on Worksheet I. **S corporations** may enter only 1/3 of the amount from Worksheet I.

**Line 8, column (c)** – Enter the amount of the total prior year carryover of the credit. This is the amount of credit that was previously figured on Worksheet I in the prior year, minus the amount that was allowed to be taken on the prior year return.

**Line 8, column (d)** – Add the amount of the current year credit on line 8, column (b) and the amount of the total prior year carryover on line 8, column (c). This is the amount of credit that can be carried over to future years.

# FTB 3808

## Codes for Principal Business Activity

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable or income years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System published by the United States Office of Management and Budget, 1997 Edition.

**Caution:** For purposes of qualifying for the MEA tax incentive, refer to the Standard Industrial Classification Manual, 1987 Edition.

### Agriculture, Forestry, Fishing and Hunting

- Code*
- Crop Production**
- 111100 Oilseed & Grain Farming
  - 111210 Vegetable & Melon Farming (including potatoes & yams)
  - 111300 Fruit & Tree Nut Farming
  - 111400 Greenhouse, Nursery, & Floriculture Production
  - 111900 Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet & all other crop farming)

- Animal Production**
- 112111 Beef Cattle Ranching & Farming
  - 112112 Cattle Feedlots
  - 112120 Dairy Cattle & Milk Production
  - 112210 Hog & Pig Farming
  - 112300 Poultry & Egg Production
  - 112400 Sheep & Goat Farming
  - 112510 Animal Aquaculture (including shellfish & finfish farms & hatcheries)
  - 112900 Other Animal Production

- Forestry and Logging**
- 113110 Timber Tract Operations
  - 113210 Forest Nurseries & Gathering of Forest Products
  - 113310 Logging

- Fishing, Hunting and Trapping**
- 114110 Fishing
  - 114210 Hunting & Trapping

- Support Activities for Agriculture and Forestry**
- 115110 Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating)
  - 115210 Support Activities for Animal Production
  - 115310 Support Activities for Forestry

- Mining**
- 211110 Oil & Gas Extraction
  - 212110 Coal Mining
  - 212200 Metal Ore Mining
  - 212310 Stone Mining & Quarrying
  - 212320 Sand, Gravel, Clay, & Ceramic & Refractory
- Minerals Mining & Quarrying**
- 212390 Other Nonmetallic Mineral Mining & Quarrying
  - 213110 Support Activities for Mining

- Utilities**
- 221100 Electric Power Generation, Transmission & Distribution
  - 221210 Natural Gas Distribution
  - 221300 Water, Sewage & Other Systems

### Construction

- Code*
- Building, Developing, and General Contracting**
- 233110 Land Subdivision & Land Development
  - 233200 Residential Building Construction
  - 233300 Nonresidential Building Construction
- Heavy Construction**
- 234100 Highway, Street, Bridge, & Tunnel Construction
  - 234900 Other Heavy Construction

- Special Trade Contractors**
- 235110 Plumbing, Heating, & Air-Conditioning Contractors
  - 235210 Painting & Wall Covering Contractors
  - 235310 Electrical Contractors
  - 235400 Masonry, Drywall, Insulation, & Tile Contractors
  - 235500 Carpentry & Floor Contractors
  - 235610 Roofing, Siding, & Sheet Metal Contractors
  - 235710 Concrete Contractors
  - 235810 Water Well Drilling Contractors
  - 235900 Other Special Trade Contractors

### Manufacturing

- Food Manufacturing**
- 311110 Animal Food Mfg
  - 311200 Grain & Oilseed Milling
  - 311300 Sugar & Confectionery Product Mfg
  - 311400 Fruit & Vegetable Preserving & Specialty Food Mfg
  - 311500 Dairy Product Mfg
  - 311610 Animal Slaughtering and Processing
  - 311710 Seafood Product Preparation & Packaging
  - 311800 Bakeries & Tortilla Mfg
  - 311900 Other Food Mfg (including coffee, tea, flavorings & seasonings)

- Beverage and Tobacco Product Manufacturing**
- 312110 Soft Drink & Ice Mfg
  - 312120 Breweries
  - 312130 Wineries
  - 312140 Distilleries
  - 312200 Tobacco Manufacturing

- Textile Mills and Textile Product Mills**
- 313000 Textile Mills
  - 314000 Textile Product Mills

- Apparel Manufacturing**
- 315100 Apparel Knitting Mills
  - 315210 Cut & Sew Apparel Contractors
  - 315220 Men's & Boys' Cut & Sew Apparel Mfg

- Code*
- 315230 Women's & Girls' Cut & Sew Apparel Mfg
  - 315290 Other Cut & Sew Apparel Mfg
  - 315990 Apparel Accessories & Other Apparel Mfg

- Leather and Allied Product Manufacturing**
- 316110 Leather & Hide Tanning & Finishing
  - 316210 Footwear Mfg (including rubber & plastics)
  - 316990 Other Leather & Allied Product Mfg

- Wood Product Manufacturing**
- 321110 Sawmills & Wood Preservation
  - 321210 Veneer, Plywood, & Engineered Wood Product Mfg
  - 321900 Other Wood Product Mfg

- Paper Manufacturing**
- 322100 Pulp, Paper, & Paperboard Mills
  - 322200 Converted Paper Product Mfg

- Printing and Related Support Activities**
- 323100 Printing & Related Support Activities

- Petroleum and Coal Products Manufacturing**
- 324110 Petroleum Refineries (including integrated)
  - 324120 Asphalt Paving, Roofing, & Saturated Materials Mfg
  - 324190 Other Petroleum & Coal Products Mfg

- Chemical Manufacturing**
- 325100 Basic Chemical Mfg
  - 325200 Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg
  - 325300 Pesticide, Fertilizer, & Other Agricultural Chemical Mfg
  - 325410 Pharmaceutical & Medicine Mfg
  - 325500 Paint, Coating, & Adhesive Mfg
  - 325600 Soap, Cleaning Compound, & Toilet Preparation Mfg
  - 325900 Other Chemical Product & Preparation Mfg

- Plastics and Rubber Products Manufacturing**
- 326100 Plastics Product Mfg
  - 326200 Rubber Product Mfg

- Nonmetallic Mineral Product Manufacturing**
- 327100 Clay Product & Refractory Mfg
  - 327210 Glass & Glass Product Mfg
  - 327300 Cement & Concrete Product Mfg
  - 327400 Lime & Gypsum Product Mfg
  - 327900 Other Nonmetallic Mineral Product Mfg

- Primary Metal Manufacturing**
- 331110 Iron & Steel Mills & Ferroalloy Mfg
  - 331200 Steel Product Mfg from Purchased Steel
  - 331310 Alumina & Aluminum Production & Processing
  - 331400 Nonferrous Metal (except Aluminum) Production & Processing
  - 331500 Foundries

- Fabricated Metal Product Manufacturing**
- 332110 Forging & Stamping
  - 332210 Cutlery & Handtool Mfg
  - 332300 Architectural & Structural Metals Mfg
  - 332400 Boiler, Tank, & Shipping Container Mfg
  - 332510 Hardware Mfg
  - 332610 Spring & Wire Product Mfg
  - 332700 Machine Shops; Turned Product; & Screw, Nut, & Bolt Mfg
  - 332810 Coating, Engraving, Heat Treating, & Allied Activities

- Code*
- 332900 Other Fabricated Metal Product Mfg
- Machinery Manufacturing**
- 333100 Agriculture, Construction, & Mining Machinery Mfg
  - 333200 Industrial Machinery Mfg
  - 333310 Commercial & Service Industry Machinery Mfg
  - 333410 Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg
  - 333510 Metalworking Machinery Mfg
  - 333610 Engine, Turbine & Power Transmission Equipment Mfg
  - 333900 Other General Purpose Machinery Mfg

- Computer and Electronic Product Manufacturing**
- 334110 Computer & Peripheral Equipment Mfg
  - 334200 Communications Equipment Mfg
  - 334310 Audio & Video Equipment Mfg
  - 334410 Semiconductor & Other Electronic Component Mfg
  - 334500 Navigational, Measuring, Electromedical, & Control Instruments Mfg
  - 334610 Manufacturing & Reproducing Magnetic & Optical Media

- Electrical Equipment, Appliance, and Component Manufacturing**
- 335100 Electric Lighting Equipment Mfg
  - 335200 Household Appliance Mfg
  - 335310 Electrical Equipment Mfg
  - 335900 Other Electrical Equipment & Component Mfg

- Transportation Equipment Manufacturing**
- 336100 Motor Vehicle Mfg
  - 336210 Motor Vehicle Body & Trailer Mfg
  - 336300 Motor Vehicle Parts Mfg
  - 336410 Aerospace Product & Parts Mfg
  - 336510 Railroad Rolling Stock Mfg
  - 336610 Ship & Boat Building
  - 336990 Other Transportation Equipment Mfg

- Furniture and Related Product Manufacturing**
- 337000 Furniture & Related Product Manufacturing
- Miscellaneous Manufacturing**
- 339110 Medical Equipment & Supplies Mfg
  - 339900 Other Miscellaneous Manufacturing

### Wholesale Trade

- Wholesale Trade, Durable Goods**
- 421100 Motor Vehicle & Motor Vehicle Parts & Supplies Wholesalers
  - 421200 Furniture & Home Furnishing Wholesalers
  - 421300 Lumber & Other Construction Materials Wholesalers
  - 421400 Professional & Commercial Equipment & Supplies Wholesalers
  - 421500 Metal & Mineral (except Petroleum) Wholesalers
  - 421600 Electrical Goods Wholesalers
  - 421700 Hardware, & Plumbing & Heating Equipment & Supplies Wholesalers
  - 421800 Machinery, Equipment, & Supplies Wholesalers
  - 421910 Sporting & Recreational Goods & Supplies Wholesalers
  - 421920 Toy & Hobby Goods & Supplies Wholesalers
  - 421930 Recyclable Material Wholesalers
  - 421940 Jewelry, Watch, Precious Stone, & Precious Metal Wholesalers
  - 421990 Other Miscellaneous Durable Goods Wholesalers

Code	
<b>Wholesale Trade, Nondurable Goods</b>	
422100	Paper & Paper Product Wholesalers
422210	Drugs & Druggists' Sundries Wholesalers
422300	Apparel, Piece Goods, & Notions Wholesalers
422400	Grocery & Related Product Wholesalers
422500	Farm Product Raw Material Wholesalers
422600	Chemical & Allied Products Wholesalers
422700	Petroleum & Petroleum Products Wholesalers
422800	Beer, Wine, & Distilled Alcoholic Beverage Wholesalers
422910	Farm Supplies Wholesalers
422920	Book, Periodical, & Newspaper Wholesalers
422930	Flower, Nursery Stock, & Florists' Supplies Wholesalers
422940	Tobacco & Tobacco Product Wholesalers
422950	Paint, Varnish, & Supplies Wholesalers
422990	Other Miscellaneous Nondurable Goods Wholesalers

### Retail Trade

<b>Motor Vehicle and Parts Dealers</b>	
441110	New Car Dealers
441120	Used Car Dealers
441210	Recreational Vehicle Dealers
441221	Motorcycle Dealers
441222	Boat Dealers
441229	All Other Motor Vehicle Dealers
441300	Automotive Parts, Accessories, & Tire Stores

<b>Furniture and Home Furnishings Stores</b>	
442110	Furniture Stores
442210	Floor Covering Stores
442291	Window Treatment Stores
442299	All Other Home Furnishings Stores

<b>Electronics and Appliance Stores</b>	
443111	Household Appliance Stores
443112	Radio, Television, & Other Electronics Stores
443120	Computer & Software Stores
443130	Camera & Photographic Supplies Stores

<b>Building Material and Garden Equipment and Supplies Dealers</b>	
444110	Home Centers
444120	Paint & Wallpaper Stores
444130	Hardware Stores
444190	Other Building Material Dealers
444200	Lawn & Garden Equipment & Supplies Stores

<b>Food and Beverage Stores</b>	
445110	Supermarkets and Other Grocery (except Convenience) Stores
445120	Convenience Stores
445210	Meat Markets
445220	Fish & Seafood Markets
445230	Fruit & Vegetable Markets
445291	Baked Goods Stores
445292	Confectionery & Nut Stores
445299	All Other Specialty Food Stores
445310	Beer, Wine, & Liquor Stores

<b>Health and Personal Care Stores</b>	
446110	Pharmacies & Drug Stores
446120	Cosmetics, Beauty Supplies, & Perfume Stores
446130	Optical Goods Stores
446190	Other Health & Personal Care Stores

<b>Gasoline Stations</b>	
447100	Gasoline Stations (including convenience stores with gas)

Code	
<b>Clothing and Clothing Accessories Stores</b>	
448110	Men's Clothing Stores
448120	Women's Clothing Stores
448130	Children's & Infants' Clothing Stores
448140	Family Clothing Stores
448150	Clothing Accessories Stores
448190	Other Clothing Stores
448210	Shoe Stores
448310	Jewelry Stores
448320	Luggage & Leather Goods Stores

<b>Sporting Goods, Hobby, Book, and Music Stores</b>	
451110	Sporting Goods Stores
451120	Hobby, Toy, & Game Stores
451130	Sewing, Needlework, & Piece Goods Stores
451140	Musical Instrument & Supplies Stores
451211	Book Stores
451212	News Dealers & Newsstands
451220	Prerecorded Tape, Compact Disc, & Record Stores

<b>General Merchandise Stores</b>	
452110	Department stores
452900	Other General Merchandise Stores

<b>Miscellaneous Store Retailers</b>	
453110	Florists
453210	Office Supplies & Stationery Stores
453220	Gift, Novelty, & Souvenir Stores
453310	Used Merchandise Stores
453910	Pet & Pet Supplies Stores
453920	Art Dealers
453930	Manufactured (Mobile) Home Dealers
453990	All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops)

<b>Nonstore Retailers</b>	
454110	Electronic Shopping & Mail-Order Houses
454210	Vending Machine Operators
454311	Heating Oil Dealers
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers
454319	Other Fuel Dealers
454390	Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)

<b>Transportation and Warehousing</b>	
<b>Air, Rail, and Water Transportation</b>	
481000	Air Transportation
482110	Rail Transportation
483000	Water Transportation
<b>Truck Transportation</b>	
484110	General Freight Trucking, Local
484120	General Freight Trucking, Long-distance
484200	Specialized Freight Trucking

<b>Transit and Ground Passenger Transportation</b>	
485110	Urban Transit Systems
485210	Interurban & Rural Bus Transportation
485310	Taxi Service
485320	Limousine Service
485410	School & Employee Bus Transportation
485510	Charter Bus Industry
485990	Other Transit & Ground Passenger Transportation

<b>Pipeline Transportation</b>	
486000	Pipeline Transportation

<b>Scenic &amp; Sightseeing Transportation</b>	
487000	Scenic & Sightseeing Transportation

Code	
<b>Support Activities for Transportation</b>	
488100	Support Activities for Air Transportation
488210	Support Activities for Rail Transportation
488300	Support Activities for Water Transportation
488410	Motor Vehicle Towing
488490	Other Support Activities for Road Transportation
488510	Freight Transportation Arrangement
488990	Other Support Activities for Transportation

<b>Couriers and Messengers</b>	
492110	Couriers
492210	Local Messengers & Local Delivery

<b>Warehousing and Storage</b>	
493100	Warehousing & Storage (except lessors of miniwarehouses & self-storage units)

<b>Information Publishing Industries</b>	
511110	Newspaper Publishers
511120	Periodical Publishers
511130	Book Publishers
511140	Database & Directory Publishers
511190	Other Publishers
512100	Software Publishers

<b>Motion Picture and Sound Recording Industries</b>	
512100	Motion Picture & Video Industries (except video rental)
512200	Sound Recording Industries

<b>Broadcasting and Telecommunications</b>	
513100	Radio & Television Broadcasting
513200	Cable Networks & Program Distribution
513300	Telecommunications (including paging, cellular, satellite, & other telecommunications)

<b>Information Services and Data Processing Services</b>	
514100	Information Services (including news syndicates, libraries, & on-line information services)
514210	Data Processing Services

<b>Finance and Insurance</b>	
<b>Depository Credit Intermediation</b>	
522110	Commercial Banking
522120	Savings Institutions
522130	Credit Unions
522190	Other Depository Credit Intermediation
<b>Nondepository Credit Intermediation</b>	
522210	Credit Card Issuing
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit (including mortgage bankers & originators)
522293	International Trade Financing
522294	Secondary Market Financing
522298	All Other Nondepository Credit Intermediation

<b>Activities Related to Credit Intermediation</b>	
522300	Activities Related to Credit Intermediation (including loan brokers)

<b>Securities, Commodity Contracts, and Other Financial Investments and Related Activities</b>	
523110	Investment Banking & Securities Dealing
523120	Securities Brokerage
523130	Commodity Contracts Dealing
523140	Commodity Contracts Brokerage

Code	
523210	Securities & Commodity Exchanges
523900	Other Financial Investment Activities (including portfolio management & investment advice)

### Insurance Carriers and Related Activities

524140	Direct Life, Health, & Medical Insurance & Reinsurance Carriers
524150	Direct Insurance & Reinsurance (except Life, Health & Medical) Carriers
524210	Insurance Agencies & Brokerages
524290	Other Insurance Related Activities

### Funds, Trusts, and Other Financial Vehicles

525100	Insurance & Employee Benefit Funds
525910	Open-End Investment Funds (Form 1120-RIC)
525920	Trusts, Estates, & Agency Accounts
525930	Real Estate Investment Trusts (Form 1120-REIT)
525990	Other Financial Vehicles

### Real Estate and Rental and Leasing

<b>Real Estate</b>	
531110	Lessors of Residential Buildings & Dwellings
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)
531130	Lessors of Miniwarehouses & Self-Storage Units
531190	Lessors of Other Real Estate Property
531210	Offices of Real Estate Agents & Brokers
531310	Real Estate Property Managers
531320	Offices of Real Estate Appraisers
531390	Other Activities Related to Real Estate

<b>Rental and Leasing Services</b>	
532100	Automotive Equipment Rental & Leasing
532210	Consumer Electronics & Appliances Rental
532220	Formal Wear & Costume Rental
532230	Video Tape & Disc Rental
532290	Other Consumer Goods Rental
532310	General Rental Centers
532400	Commercial & Industrial Machinery & Equipment Rental & Leasing
<b>Lessors of Nonfinancial Intangible Assets (except copyrighted works)</b>	
533110	Lessors of Nonfinancial Intangible Assets (except copyrighted works)

### Professional, Scientific, and Technical Services

<b>Legal Services</b>	
541110	Offices of Lawyers
541190	Other Legal Services
<b>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</b>	
541211	Offices of Certified Public Accountants
541213	Tax Preparation Services
541214	Payroll Services
541219	Other Accounting Services

<b>Architectural, Engineering, and Related Services</b>	
541310	Architectural Services
541320	Landscape Architecture Services
541330	Engineering Services
541340	Drafting Services
541350	Building Inspection Services

*Code*  
 541360 Geophysical Surveying & Mapping Services  
 541370 Surveying & Mapping (except Geophysical) Services  
 541380 Testing Laboratories

**Specialized Design Services**

541400 Specialized Design Services (including interior, industrial, graphic, & fashion design)

**Computer Systems Design and Related Services**

541511 Custom Computer Programming Services  
 541512 Computer Systems Design Services  
 541513 Computer Facilities Management Services  
 541519 Other Computer Related Services

**Other Professional, Scientific, and Technical Services**

541600 Management, Scientific, & Technical Consulting Services  
 541700 Scientific Research & Development Services  
 541800 Advertising & Related Services  
 541910 Marketing Research & Public Opinion Polling  
 541920 Photographic Services  
 541930 Translation & Interpretation Services  
 541940 Veterinary Services  
 541990 All Other Professional, Scientific, & Technical Services

**Management of Companies (Holding Companies)**

551111 Offices of Bank Holding Companies  
 551112 Offices of Other Holding Companies

**Administrative and Support and Waste Management and Remediation Services**

**Administrative and Support Services**

561110 Office Administrative Services  
 561210 Facilities Support Services  
 561300 Employment Services  
 561410 Document Preparation Services  
 561420 Telephone Call Centers  
 561430 Business Service Centers (including private mail centers & copy shops)  
 561440 Collection Agencies  
 561450 Credit Bureaus  
 561490 Other Business Support Services (including repossession services, court reporting, & stenotype services)

*Code*  
 561500 Travel Arrangement & Reservation Services  
 561600 Investigation & Security Services  
 561710 Exterminating & Pest Control Services  
 561720 Janitorial Services  
 561730 Landscaping Services  
 561740 Carpet & Upholstery Cleaning Services  
 561790 Other Services to Buildings & Dwellings  
 561900 Other Support Services (including packaging & labeling services, & convention & trade show organizers)

**Waste Management and Remediation Services**

562000 Waste Management & Remediation Services

**Educational Services**

611000 Educational Services (including schools, colleges, & universities)

**Health Care and Social Assistance**

**Offices of Physicians and Dentists**

621111 Offices of Physicians (except mental health specialists)  
 621112 Offices of Physicians, Mental Health Specialists  
 621210 Offices of Dentists

**Offices of Other Health Practitioners**

621310 Offices of Chiropractors  
 621320 Offices of Optometrists  
 621330 Offices of Mental Health Practitioners (except Physicians)  
 621340 Offices of Physical, Occupational & Speech Therapists, & Audiologists  
 621391 Offices of Podiatrists  
 621399 Offices of All Other Miscellaneous Health Practitioners

**Outpatient Care Centers**

621410 Family Planning Centers  
 621420 Outpatient Mental Health & Substance Abuse Centers  
 621491 HMO Medical Centers  
 621492 Kidney Dialysis Centers  
 621493 Freestanding Ambulatory Surgical & Emergency Centers  
 621498 All Other Outpatient Care Centers

**Medical and Diagnostic Laboratories**

621510 Medical & Diagnostic Laboratories

**Home Health Care Services**

621610 Home Health Care Services

*Code*  
**Other Ambulatory Health Care Services**

621900 Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)

**Hospitals**

622000 Hospitals

**Nursing and Residential Care Facilities**

623000 Nursing & Residential Care Facilities

**Social Assistance**

624100 Individual & Family Services  
 624200 Community Food & Housing, & Emergency & Other Relief Services  
 624310 Vocational Rehabilitation Services  
 624410 Child Day Care Services

**Arts, Entertainment, and Recreation**

**Performing Arts, Spectator Sports, and Related Industries**

711100 Performing Arts Companies  
 711210 Spectator Sports (including sports clubs & racetracks)  
 711300 Promoters of Performing Arts, Sports, & Similar Events  
 711410 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures  
 711510 Independent Artists, Writers, & Performers

**Museums, Historical Sites, and Similar Institutions**

712100 Museums, Historical Sites, & Similar Institutions

**Amusement, Gambling, and Recreation Industries**

713100 Amusement Parks & Arcades  
 713200 Gambling Industries  
 713900 Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)

**Accommodation and Food Services**

**Accommodation**

721110 Hotels (except casino hotels) & Motels  
 721120 Casino Hotels  
 721191 Bed & Breakfast Inns  
 721199 All Other Traveler Accommodation  
 721210 RV (Recreational Vehicle) Parks & Recreational Camps  
 721310 Rooming & Boarding Houses

*Code*  
**Food Services and Drinking Places**  
 722110 Full-Service Restaurants  
 722210 Limited-Service Eating Places  
 722300 Special Food Services (including food service contractors & caterers)  
 722410 Drinking Places (Alcoholic Beverages)

**Other Services**

**Repair and Maintenance**

811110 Automotive Mechanical & Electrical Repair & Maintenance  
 811120 Automotive Body, Paint, Interior, & Glass Repair  
 811190 Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes)  
 811210 Electronic & Precision Equipment Repair & Maintenance  
 811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance  
 811410 Home & Garden Equipment & Appliance Repair & Maintenance  
 811420 Reupholstery & Furniture Repair  
 811430 Footwear & Leather Goods Repair  
 811490 Other Personal & Household Goods Repair & Maintenance

**Personal and Laundry Services**

812111 Barber Shops  
 812112 Beauty Salons  
 812113 Nail Salons  
 812190 Other Personal Care Services (including diet & weight reducing centers)  
 812210 Funeral Homes & Funeral Services  
 812220 Cemeteries & Crematories  
 812310 Coin-Operated Laundries & Drycleaners  
 812320 Drycleaning & Laundry Services (except Coin-Operated)  
 812330 Linen & Uniform Supply  
 812910 Pet Care (except Veterinary) Services  
 812920 Photofinishing  
 812930 Parking Lots & Garages  
 812990 All Other Personal Services

**Religious, Grantmaking, Civic, Professional, and Similar Organizations**

813000 Religious, Grantmaking, Civic, Professional, & Similar Organizations

# Manufacturing Enhancement Area Credit Summary

Attach to your California tax return.

Social security or California corporation number

Name(s) as shown on return

FEIN

**A. Check the appropriate box for your entity type:**

- Individual     Estate     Trust     C corporation     S corporation     Partnership
- Exempt organization     Limited liability company     Limited liability partnership

**B.** Enter the name of the Manufacturing Enhancement Area (MEA) business: \_\_\_\_\_

**C.** Enter the address (actual location) where the MEA business is conducted:  
\_\_\_\_\_

**D.** Enter the name of the MEA in which the business and/or investment activity is located. See General Information C, Manufacturing Enhancement Area Designation.  
\_\_\_\_\_

**E.** Principal Business Activity Code number of the MEA business ..... \_\_\_\_\_  
Enter the six-digit number from the Principal Business Activity Code Chart on pages 12 through 14.

**F.** Total number of employees in the MEA ..... \_\_\_\_\_

**G.** Number of employees included in the computation of the hiring credit, if claimed ..... \_\_\_\_\_

**H.** Number of new employees included in the computation of the hiring credit, if claimed ..... \_\_\_\_\_

**I.** Gross annual receipts of the business ..... \_\_\_\_\_

**J.** Total asset value of the business ..... \_\_\_\_\_

**Part I Credit Used**

**1** Hiring credit from Worksheet III, line 6A, column (f) or line 7, column (f) ..... **1** \_\_\_\_\_

**Note:** To figure the amount of credit to carry over, complete Worksheet III on Side 2.

**Part II Portion of Business Attributable to the Manufacturing Enhancement Area**

**2** Enter the average apportionment percentage of your business that is in the MEA from Worksheet II, line 4. If your operation is wholly within one MEA, the average apportionment percentage is 100% (1.00) ..... **2** \_\_\_\_\_

**Part III Recapture of Credit**

**3** Recapture of hiring credit from Worksheet I, Section B, line 2, column (b) ..... **3** \_\_\_\_\_

**Worksheet III Computation of Credit Limitations — Manufacturing Enhancement Area**

**Part I Computation of Limitations.** See instructions.

<b>1</b> Trade or business income. <b>Individuals:</b> Enter the amount from the Income or Loss Worksheet, line 14, column (c) (page 9) on this line and on line 3 (skip line 2). See instructions on page 10. <b>Multistate apportioning corporations:</b> Enter the amount from Schedule R, line 13b .....	<b>1</b>	
<b>2</b> <b>Corporations:</b> Enter the average apportionment percentage from Worksheet II, line 4. See instructions .....	<b>2</b>	
<b>3</b> Multiply line 1 by line 2 .....	<b>3</b>	
<b>4a</b> Compute the amount of tax due using the amount on line 3. See instructions .....	<b>4a</b>	
<b>4b</b> Enter the amount of tax from Form 540, line 24; Form 540NR, line 27; Form 541, line 21; Form 100, line 23; Form 100S, line 22; or Form 109, line 7 or line 15. Corporations and S corporations, see instructions .....	<b>4b</b>	
<b>5</b> Enter the smaller of line 4a or line 4b. This is the limitation based on the MEA income. Go to Part II, Part III, or Part IV. See instructions .....	<b>5</b>	

**Part II Limitation of Credits for Corporations, Individuals, and Estates and Trusts.** See instructions.

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit (add col. (b) and col. (c))	(e) Limitation based on MEA business income	(f) Used on Schedule P (can never be greater than col. (d) or col. (e))	(g) Carryover (col. (d) minus col. (e))
<b>6</b> Hiring credit	A					
	B					

**Part III Limitation of Credits for S Corporations Only.** See instructions.

(a) Credit name	(b) Credit amount	(c) S corporation credit (multiply col. (b) by 1/3)	(d) Total prior year carryover	(e) Total credit (add col. (c) and col. (d))	(f) Credit used this year by S corporation	(g) Carryover (col. (e) minus col. (f))
<b>7</b> Hiring credit						

**Part IV Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax.** See instructions.

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit carryover. (add col. (b) and col. (c))
<b>8</b> Hiring credit			

# Manufacturing Enhancement Area Credit Summary

Attach to your California tax return.

Social security or California corporation number

Name(s) as shown on return

FEIN

**A. Check the appropriate box for your entity type:**

- Individual     Estate     Trust     C corporation     S corporation     Partnership
- Exempt organization     Limited liability company     Limited liability partnership

**B.** Enter the name of the Manufacturing Enhancement Area (MEA) business: \_\_\_\_\_

**C.** Enter the address (actual location) where the MEA business is conducted:  
\_\_\_\_\_

**D.** Enter the name of the MEA in which the business and/or investment activity is located. See General Information C, Manufacturing Enhancement Area Designation.  
\_\_\_\_\_

**E.** Principal Business Activity Code number of the MEA business .....  
Enter the six-digit number from the Principal Business Activity Code Chart on pages 12 through 14.

**F.** Total number of employees in the MEA ..... \_\_\_\_\_

**G.** Number of employees included in the computation of the hiring credit, if claimed ..... \_\_\_\_\_

**H.** Number of new employees included in the computation of the hiring credit, if claimed ..... \_\_\_\_\_

**I.** Gross annual receipts of the business ..... \_\_\_\_\_

**J.** Total asset value of the business ..... \_\_\_\_\_

**Part I Credit Used**

**1** Hiring credit from Worksheet III, line 6A, column (f) or line 7, column (f) ..... **1** \_\_\_\_\_

**Note:** To figure the amount of credit to carry over, complete Worksheet III on Side 2.

**Part II Portion of Business Attributable to the Manufacturing Enhancement Area**

**2** Enter the average apportionment percentage of your business that is in the MEA from Worksheet II, line 4. If your operation is wholly within one MEA, the average apportionment percentage is 100% (1.00) ..... **2** \_\_\_\_\_

**Part III Recapture of Credit**

**3** Recapture of hiring credit from Worksheet I, Section B, line 2, column (b) ..... **3** \_\_\_\_\_

**Worksheet III Computation of Credit Limitations — Manufacturing Enhancement Area**

**Part I Computation of Limitations.** See instructions.

<b>1</b> Trade or business income. <b>Individuals:</b> Enter the amount from the Income or Loss Worksheet, line 14, column (c) (page 9) on this line and on line 3 (skip line 2). See instructions on page 10. <b>Multistate apportioning corporations:</b> Enter the amount from Schedule R, line 13b .....	<b>1</b>	
<b>2</b> <b>Corporations:</b> Enter the average apportionment percentage from Worksheet II, line 4. See instructions .....	<b>2</b>	
<b>3</b> Multiply line 1 by line 2 .....	<b>3</b>	
<b>4a</b> Compute the amount of tax due using the amount on line 3. See instructions .....	<b>4a</b>	
<b>4b</b> Enter the amount of tax from Form 540, line 24; Form 540NR, line 27; Form 541, line 21; Form 100, line 23; Form 100S, line 22; or Form 109, line 7 or line 15. Corporations and S corporations, see instructions .....	<b>4b</b>	
<b>5</b> Enter the smaller of line 4a or line 4b. This is the limitation based on the MEA income. Go to Part II, Part III, or Part IV. See instructions .....	<b>5</b>	

**Part II Limitation of Credits for Corporations, Individuals, and Estates and Trusts.** See instructions.

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit (add col. (b) and col. (c))	(e) Limitation based on MEA business income	(f) Used on Schedule P (can never be greater than col. (d) or col. (e))	(g) Carryover (col. (d) minus col. (e))
<b>6</b> Hiring credit	A					
	B					

**Part III Limitation of Credits for S Corporations Only.** See instructions.

(a) Credit name	(b) Credit amount	(c) S corporation credit (multiply col. (b) by 1/3)	(d) Total prior year carryover	(e) Total credit (add col. (c) and col. (d))	(f) Credit used this year by S corporation	(g) Carryover (col. (e) minus col. (f))
<b>7</b> Hiring credit						

**Part IV Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax.** See instructions.

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit carryover. (add col. (b) and col. (c))
<b>8</b> Hiring credit			

# How to Get California Tax Information

**(Keep This Page For Future Use)**

## Where to Get Income Tax Forms

**By Internet** – If you have Internet access, you may download, view, and print California tax forms and publications. Go to our website at:  
[www.ftb.ca.gov](http://www.ftb.ca.gov)

**By phone** – To order 1997, 1998, and 1999 California personal income tax forms, 1999 California business entity tax forms, and 1999 federal forms, call our automated phone service. To order a form:

- Refer to the list in your tax booklet and find the code number for the form you want to order.
- Call (800) 338-0505 and follow the instructions.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

**In person** – Most libraries, post offices, and banks provide free California personal income tax booklets during the filing season. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries, post offices, banks, and quick print businesses cannot provide tax information or assistance.

**By mail** – Write to:

TAX FORMS REQUEST UNIT  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

## Letters

You may write to us to get a written reply to your question or to reply to a notice we sent you. Be sure your letter includes your FEIN, California corporation number, or social security number, your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

RESOURCE DEVELOPMENT SECTION  
FRANCHISE TAX BOARD  
PO BOX 1468  
SACRAMENTO CA 95812-1468

We will respond to your letter within six to eight weeks. In some cases, we may need to call you for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on your return.

## General Toll-Free Phone Service

**Between January 3 – April 17, 2000**, our general toll-free phone service is available:

- Monday – Friday, 6 a.m. until midnight; and
- Saturdays and holidays, 7 a.m. until 4 p.m.

**After April 17, 2000**, our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.; and
- Saturdays, 7 a.m. until 4 p.m.

The best times to call are before 10 a.m. and after 6 p.m. Times of day are Pacific Standard Time (PST).

From within the

United States . . . . . (800) 852-5711

From outside the

United States . . . . . (916) 845-6500  
(not toll-free)

### Assistance for persons with disabilities:

The FTB complies with provisions of the Americans with Disabilities Act. Persons with a hearing or speech impairment, call:

From voice phone . . . . . (800) 735-2922  
(California Relay Service)

From TTY/TDD . . . . . (800) 822-6268  
(Direct line to FTB customer service)

For all other assistance or special accommodations, call (800) 852-5711.

### For federal tax questions:

Call the IRS at . . . . . (800) 829-1040

### Asistencia bilingüe en español

Para obtener servicios en español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.

## Geographic Boundaries

Further information about geographic boundaries of the MEAs is available from:

ENTERPRISE ZONE PROGRAMS  
CA TRADE AND COMMERCE AGENCY  
801 K STREET SUITE 1700  
SACRAMENTO CA 95814

Telephone: (916) 324-8211

FAX: (916) 322-7214

Website: [commerce.ca.gov](http://commerce.ca.gov)

## Economic Development Area Information

Further information about the MEA tax incentive is available from:

FRANCHISE TAX BOARD  
ECONOMIC DEVELOPMENT AREA  
INFORMATION

Telephone: (916) 845-3464

FAX: (916) 845-0415

Website: [www.ftb.ca.gov](http://www.ftb.ca.gov)

## Your Rights as a Taxpayer

Our goal at the Franchise Tax Board (FTB) is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Publication 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where to Get Income Tax Forms" on this page for how to get this publication.

## Field Offices

You can get information, California tax forms, and resolve problems on your account if you visit one of our field offices. Our field office hours are Monday through Friday, 8 a.m. until 5 p.m. These offices will remain open additional hours and days from January 15 through April 17, 2000. For the extended hours of the office nearest you, call (800) 338-0505, select personal income tax, then general information, and enter code 110 when instructed to do so.

Field Office	Address
Bakersfield	1800 30th St, Ste 370
Burbank	333 N Glenoaks Blvd, Ste 200
Fresno	2550 Mariposa St, Rm 3002
Long Beach	4300 Long Beach Blvd, Ste 700B
Los Angeles	300 S Spring St, Ste 5704
Oakland	1515 Clay St, Ste 305
Sacramento	3321 Power Inn Road Ste 250
San Bernardino	464 W 4th St, Ste 454
San Diego	5353 Mission Ctr Rd, Ste 314
San Francisco	455 Golden Gate Ave, Ste 7400
San Jose	96 N Third St, 4th Fl
Santa Ana	600 W Santa Ana Blvd, Ste 300
Santa Rosa	50 D St, Rm 130
Stockton	31 East Channel St, Rm 219
Ventura	4820 McGrath St, Ste 270
West Covina	100 N Barranca St, Ste 600

### Out of State Field Offices

Chicago	1 N. Franklin, Ste 400 Chicago, IL 60606-3401
Houston	1415 Louisiana, Ste 1515 Houston, TX 77002-7351
Long Island	1325 Franklin Ave, Ste 560 Garden City, NY 11530-1631
Manhattan	1212 Ave of the Americas, 4th Fl New York, NY 10036-1601



# Automated Toll-Free Phone Service

(Keep This Page For Future Use)

Call our automated toll-free phone service to:

- Order most California and federal income tax forms;
- Get current year tax refund information;
- Get balance due and payment information; and
- Hear recorded answers to many of your questions about California taxes.

Our automated phone service is available in English and Spanish to callers with touch-tone telephones. Have paper and pencil ready to take notes.

Call from within the United States . . . . . (800) 338-0505  
Call from outside the United States (not toll-free) . . . (916) 845-6600

## Current Year Personal Income Tax Refund Information

You should wait at least eight weeks after you file your tax return before you call to find out about your refund. You will need your social security number, the numbers in your street address, box number, or route number, and your ZIP Code to use this service. Refund status information is available 24 hours a day, 7 days a week. Call our automated phone service, select personal income tax information, then refund information, and follow the recorded instructions.

## Personal Income Tax Balance Due and Payment Information

You should wait at least 45 days from the date you mailed your payment before you call to verify receipt of your payment. You will need your social security number, the numbers in your street address, box number, or route number, and your ZIP Code to use this service. Balance due and payment information is available 24 hours a day, 7 days a week.

## Order Forms

See the instructions for ordering forms by phone on page 19. For personal income tax forms, this service is available 24 hours a day, 7 days a week. Business entity forms are available from 6 a.m. until 8 p.m., Monday through Friday.

## Answers To Tax Questions

Recorded answers to your tax questions are available 24 hours a day, 7 days a week. To receive answers to any of the following questions, call our automated phone service, select either personal income tax or business entity tax information, then general information, and enter the three-digit code when instructed to do so.

Times of day are Pacific Standard Time (PST).

## Personal Income Tax Information

### Code Filing Assistance

- 100 – Do I need to file a return?
- 110 – Field office hours of availability, January 15 - April 17, 2000.
- 111 – Which form should I use?
- 112 – How do I file electronically and get a fast refund?
- 200 – Where can I pick up a form today?
- 201 – How can I get an extension to file?
- 202 – There is no envelope in the booklet. Where do I send my return?
- 203 – What is and how do I qualify for the nonrefundable renter's credit?
- 204 – I never received a Form W-2. What do I do?
- 205 – I have no withholding taken out. What do I do?
- 206 – Do I have to attach a copy of my federal return?
- 207 – Should I file my return even though I do not have the money to pay?
- 208 – How do I figure my estimate tax payments?
- 209 – I lived in California for part of the year. Do I have to file a return?
- 210 – I do not live in California. Why do I have to file a return?
- 211 – How do I figure my IRA deduction?

- 212 – How do I claim my disaster related loss?
- 215 – Who qualifies me to use the head of household filing status?
- 216 – I'm due a refund. Do I still need to file a return?
- 217 – I am currently/was in the military. Do I have to file a California return?
- 218 – I'm in the military. Do I have to use the same filing status as federal?
- 219 – I sold my personal residence. How do I report the sale to California?
- 220 – There is no difference in my state and federal depreciation, business income, and capital gain income. What do I do?
- 221 – What is community property?
- 222 – How much can I deduct for vehicle license fees?
- 227 – How do I get a refund of excess SDI?
- 239 – Where can I get help with preparing and filing my income tax return?
- 240 – Does a tax return have to be filed for a deceased taxpayer?

### Refunds

- 300 – My spouse has passed away. You sent a refund with both our names on it. What do I do?
- 301 – I got a letter saying you sent my refund to another agency. Why?

### Penalties

- 400 – I have an extension of time to file my return. Why did I get a penalty?
- 401 – I filed my return on time. Why did I get a penalty?
- 402 – How can I protest a penalty?
- 403 – What is the estimate penalty rate?

### Notices and Bills

- 500 – I received a bill and I cannot pay it in full. What do I do?
- 501 – Why didn't you give me credit for my withholding?
- 502 – You didn't give me credit for my dependent. What do I do?
- 504 – I'm head of my house. Why was I denied head of household filing status?
- 505 – Why was my IRA deduction denied?
- 506 – How do I get information about my Form 1099-G?
- 508 – I received a notice that didn't show all payments made. How do I get credit for them?

### Tax For Children

- 601 – Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
- 602 – Federal law limits the standard deduction. Is the state law the same?

### Miscellaneous

- 610 – Can I pay my taxes with a credit card?
- 611 – What address do I send my payment to?
- 612 – I mailed my return and haven't heard anything. Should I send a copy of my return?
- 613 – I forgot to attach my Form(s) W-2 when I mailed my return. What do I do?
- 614 – I forgot to attach a copy of my federal return. What do I do?
- 615 – How do I get a copy of my state tax return?
- 616 – What should I do if my federal tax return was examined and changed by the IRS?
- 617 – What are the current interest rates?
- 619 – How do I report a change of address?

## Business Entity Tax Information

### Code Filing Assistance

- 715 – If my actual tax is less than the minimum franchise tax, what figure do I put on line 23 of Form 100?
- 717 – What are the tax rates for corporations?
- 718 – How do I get an extension of time to file?
- 722 – When do I have to file a short-period return?
- 734 – Is my corporation subject to the franchise tax or income tax?

### S Corporations

- 704 – Is an S corporation subject to the minimum franchise tax?
- 705 – Are S corporations required to file estimate payments?
- 706 – What forms do S corporations file?
- 707 – The tax for my S corporation is less than the minimum franchise tax. What figure do I put on line 22 of Form 100S?
- 708 – Where do S corporations make adjustments for state and federal law differences on Schedule K-1 (100S) and where do nonresident shareholders find their California source income on their Schedule K-1 (100S)?

### Exempt Organizations

- 709 – How do I get tax-exempt status?
- 710 – Does an exempt organization have to file Form 199?
- 735 – How can an exempt organization incorporate without paying corporation fees and costs?
- 736 – I have exempt status. Do I need to file Form 100 or Form 109 in addition to Form 199?

### Minimum Tax and Estimate Tax

- 712 – What is the minimum franchise tax?
- 714 – My corporation is not doing business; does it have to pay the minimum franchise tax?
- 716 – When are my estimate payments due?

### Billings and Miscellaneous Notices

- 723 – I received a bill for \$250. What is this for?
- 728 – Why was my corporation suspended?
- 729 – Why is my subsidiary getting a request for a return when we file a combined report?

### Tax Clearance

- 724 – How do I dissolve my corporation?
- 725 – What do I have to do to get a tax clearance?
- 726 – How long will it take to get a tax clearance certificate?
- 727 – My corporation was suspended/forfeited. Can I still get a tax clearance?

### Miscellaneous

- 617 – What are the current interest rates?
- 700 – Who do I need to contact to start a business?
- 701 – I need a state ID number for my business. Who do I contact?
- 702 – Can you send me an employer's tax guide?
- 703 – How do I incorporate?
- 719 – How do I properly identify my corporation when dealing with the Franchise Tax Board?
- 720 – How do I obtain information about changing my corporation's name?
- 721 – How do I change my accounting period?
- 737 – Where do I send my payment?
- 738 – What is electronic funds transfer?
- 739 – How do I get a copy of my state corporate tax return?
- 740 – What requirements do I have to report municipal bond interest paid by a state other than California?
- 750 – How do I organize or register an LLC?
- 751 – How do I cancel my registration as an LLC?
- 752 – What tax forms do I use to file as an LLC?
- 758 – If a corporation converted to an LLC during the current year, is the corporation liable for the tax as a corporation and an LLC tax/fee in the same year?